

**Present Conditions.** Never before have reports of membership of county units and the remittance for assessment come in so promptly as this year, nor have there been reported so many new members. At the end of March there were no liabilities or unpaid bills and there was \$7,523.35 cash in the bank on which balance we draw interest. This balance together with the income reasonably to be expected from the JOURNAL during the next nine months of the year, about \$4,500.00, ought to cover all ordinary expenses and leave something over, but of course that will not be the case if we have any unexpected and expensive suits to defend. On the first of the year the services of one clerk were dispensed with, which will effect a saving of some \$600.00 this year; this crowds us a little at times, but thus far we have been able to keep up with the work.

Never, in my experience, has the Society been in a healthier or stronger condition than it is at the present time.

PHILIP MILLS JONES,  
Secretary.

## TWELFTH ANNUAL REPORT OF THE COUNCIL.

TO THE PRESIDENT AND MEMBERS OF THE HOUSE OF DELEGATES:

Your Council herewith presents to you its report of the work of the year 1913, together with a statement of the audit of the accounts and the financial condition of the Society. It will immediately be apparent that the net deficiency of \$1,881.35, is caused by the unusually heavy expense of the medical defense work, and we beg to remind you that this unusual expense was pointed out to you in our report of last year. The cost of defending one single action, in San Diego, amounted to \$2,313.10, or considerably more than the amount of our net deficiency. A further analysis of the medical defense work and its cost will be given you later.

**LOAN:** Your honorable body authorized the Council to fix an additional assessment of \$1.00 per member in 1913, if we thought it necessary. As such a proceeding would have caused much confusion to the County Units and their members, and as our creditors were willing to wait till this year for their money, we did not make the assessment, but instead borrowed \$1,000.00 from the San Francisco County Medical Society, at 6%, for three months, which tided over the routine expenses. This was repaid when due, January 15th, 1914.

**PUBLICATIONS:** JOURNAL. The business of the JOURNAL showed a healthy increase during the year 1913. The gross income, allowing \$1.00 per member as subscription to the JOURNAL, is \$9,067.50 and the total expense charged to the JOURNAL, \$4,881.71, showing a net profit from this publication of \$4,185.79.

**REGISTER:** The advertising carried in the last Register and Directory was somewhat less than usual and when all receipts and expenses are finally reckoned, it will probably show a small loss of from \$25.00 to \$50.00. This is to be

expected and we do not anticipate that the book will ever make a profit.

**MEDICAL DEFENSE:** The number of demands, threatening letters, threats of suits and suits actually filed, increased in 1913 over the large number in 1912. There is every reason to believe that the accident insurance law, which went into effect January 1st, 1913, and which will be referred to later, will cause a marked increase in such suits. The law prevents the bringing of a suit against the employer and consequently many cheap lawyers will be deprived of the pleasure of bringing such "contingent" suits. It does not prevent an action against the doctor, however, and so we may look for many such actions. It is said that in some states the number of suits for alleged malpractice increased as much as ten times, after similar industrial accident insurance laws went into effect. For this reason, as well as for others, it should be carefully considered by county units, as a matter of policy, whether it is not better to somewhat restrict membership and scrutinize carefully the professional standing and ability of applicants for membership.

Furthermore, we respectfully request this House of Delegates to consider the advisability of taking some action in the matter of the relation of those who are doing contract work for lodges and similar private organizations of the "dollar-a-month" type, to membership in the Society and the benefit of medical defense which it carries with it. Should physicians who are doing this class of work be admitted to membership and should those who are at present members, be accorded the benefits of medical defense?

In analyzing the cost of the medical defense work we consider only the amounts actually paid out in 1913 and not the amount of indebtedness incurred during that year, carried as a liability in the statement of account and paid in 1914; these items will appear in the report covering the work for 1914. By counties, we find the following:

Alameda .....	\$ 44.15
Los Angeles.....	1,787.90
San Bernardino.....	102.50
San Diego.....	2,363.10
San Francisco.....	79.45
Santa Cruz.....	1.50
Tulare .....	84.50
General Retainers.....	750.00

\$5,213.10

In connection with the work in the northern part of the state, under the personal supervision of Mr. Kaufman, and all of the charges coming in the 1914 statement, there were 12 suits; none was lost; one came to trial with a verdict in our favor and the others are in various stages of waiting. A considerable number of threatening letters were received and attended to by our counsel and in some of these cases suits may eventually be brought.

Mr. Morrow reports as follows concerning the work done by him in the southern part of the state:

"In Southern California this year we lost no suits which were tried, disposed of eleven threat-

ened cases without suit filed, procured the dismissal of two cases which had been filed and were about to be tried, have two threatened suits still under investigation and advisement. We have eight cases which were filed in 1913, all except two ready for trial. In addition there are four old cases pending which were filed in 1911 and 1912 which doubtless will never come to trial. Three malpractice cases were actually tried with the result that one was won; the second resulted in a disagreement of the jury; the third, a re-trial of the second, we won."

In the average case, even if it comes to trial, the cost is not very great and the expense will come easily within our ordinary income. But occasionally there are cases like those in Los Angeles and San Diego, which are bitterly fought and in which the expense piles up rapidly and to considerable proportions.

Again it must be urged upon our members never to treat a case of fracture without taking an X-ray plate if possible and carefully preserving it. Indeed, it would be well to consider whether we should undertake to defend any member in a suit based upon the treatment of a fracture unless it has been impossible to secure an X-ray plate. Failure to do so has already cost the Society thousands of dollars.

**INDUSTRIAL ACCIDENT WORK:** We present to you herewith a plan for dealing with many of the problems which have arisen under the new industrial accident law, and a schedule of fees to apply to surgical work under that law, and we recommend that you adopt the plan and approve the schedule.

The general plan, which follows, was formulated at a number of conferences between Dr. Jones, representing the State Society, Dr. Kugeler, representing the San Francisco County Society, Dr. Parkinson, representing the Council and Sacramento, Dr. Gibbons, of the Industrial Commission, and representatives of a number of insurance companies; it has been approved by the Adjustment Board, representing 15 companies. The plan is the development and logical extension of the suggestions which have been made by Dr. Jones and published editorially in the last four issues of the JOURNAL.

In considering it you must remember that nothing is perfect and that few of us ever have everything that we want whenever we want it; life is a succession of compromises. In considering the fee schedule, remember that the fees are based upon the income of the injured person, which is generally very small, and not upon the wealth of the company. And also do not forget that in any serious case, the surgeon will receive a very considerable amount in excess of what he could hope to receive, if he looked to the patient for his money—and also that he is sure of getting his just fees. Incomes in excess of the maximum covered by the law, \$1,666.00 a year, are not considered in this schedule.

The fee schedule has been drawn up by a committee of three consisting of Dr. Kugeler, for the Society, Dr. Gibbons for the Industrial Commis-

sion and Mr. Bower, of the board. A number of injuries are not specified or included in this schedule and the proper compensation for treatment of them will have to be a matter of amicable adjustment in each such case. This adjustment is provided for in the plan by having a standing committee composed of representatives of the Society, the Industrial Commission and the companies, which committee can at any time and on short notice take up and adjust all such questions without formal appeal to the Commission.

In the following statement the Industrial Commission is considered as one of the companies, for it is doing the same sort of work and on the same basis and is agreeable to the general conditions as outlined.

**Contracts.** No contracts at flat, fixed fees for all work are to be made and those now existing are to terminate at the earliest possible date.

**Fee Schedule.** The fee schedule which has been prepared as heretofore indicated and is herewith presented to you, is recommended for the approval of the Medical Society of the State of California and of its various county units, as a schedule of the minimum fees to be charged for the services indicated in the schedule in the treatment of persons who may be injured as specified in the law. Additional compensation will be allowed in unusual cases for unusual services on proper representation.

**Choice of Physician.** The employer (or the company, if the employer is insured) is to have the right to a free choice of physician and such selections are to be made from lists of names furnished by the insurance companies, these lists of names to be the lists of members of the several county medical societies which collectively compose the Medical Society of the State of California, but no member may be compelled to do the work if he does not wish to. Provided, that in counties where there is no county medical society, or in special cases where the employer may desire to secure the services of some physician who is not a member of his county medical society, he reserves the right to do so; also provided, that in the larger centers the societies are to prepare lists of names of members who are willing to do the work and to arrange so that the services of some of them may be secured at any time, by means of a telephone exchange or some other plan by which their whereabouts may at any time be ascertained; and also provided that the companies are to be permitted to advise their policy holders that certain physicians have, in the past, done work for them satisfactorily. It is understood that an insurance company may have a regularly appointed medical referee in any given locality.

**Adjustment of Fees.** In case a bill rendered by a member is regarded as excessive by the employer (or company) it shall be submitted to the county medical society for scrutiny and adjustment, and if there be still failure to agree, it may be submitted to the Council of the State Society or to the Industrial Commission.

**County Units and Professional Conduct.** In order to carry out the provisions of this plan, it

will be necessary for each county unit to approve the schedule—in so far as it applies to the work indicated and to persons whose income does not exceed the maximum indicated in the law. Charges in excess of the proper ones, or bills unduly padded by fictitious or unnecessary visits, shall be deemed unprofessional conduct and subject to discipline by suspension or expulsion.

Let us consider two cases representing the extremes of compensation, an average of which has been considered in formulating the schedule. A workman receives a slight injury; a cut finger or the like and a single visit to a doctor is sufficient; the doctor receives a very small fee. Let us suppose the same workman, earning say \$900.00 a year and having a family to support, has a compound fracture of the femur. Ordinarily, the physician could not expect to charge more than about \$75 in such a case, and as the man's hospital expenses, etc., would have to be paid by himself, the doctor would not get any money for a very long time. Under the present law and arrangements, the doctor is sure of getting not only his \$75.00, but a considerable additional sum for subsequent visits; and his getting his fee is not a matter of months or years and problematical at that; it is a certainty.

We believe that this plan will be found to work out very satisfactorily and most heartily recommend it for your approval.

In the working out of this plan it must be remembered that the physician is no longer dealing with more or less impecunious and irresponsible individuals; he is dealing with business men who are anxious to do business properly, be charged with what the work is worth in a business-like way, and pay their bills as soon as possible. To that end every member who is willing to do the work under the act and in accordance with the plan here presented, should itemize his bills; state the date and time of each visit; if dressings are used, the nature of them and a fair charge for the material used.

The moral obligation must not be overlooked. If the plan presented is approved by you, you must remember that the State Society has undertaken to protect the insurance companies from unjust or exorbitant charges and to see that fair dealing shall exist and be enforced on the part of the members of the Society, just as the companies assure us of their intention to deal with us in absolute fairness.

In Michigan a similar law went into effect and there was no co-operation between the profession and the companies; for nearly two years there was chaos and confusion and trouble. Finally a committee of their State Society met a similar committee of adjusters and agreed upon a schedule of fair fees which, in many instances, is lower than those we have fixed upon, and in some others is higher. Your Council endeavored to avoid this period of strife and so took cognizance of the situation last December and has been endeavoring to work with the state and the companies and thus have no conflict between our members and the

persons charged with or interested in the discharge of the law.

C. G. KENYON,  
Chairman.

(Unanimously approved at a meeting of the Council April 13th, 1914, after careful consideration.)

### FEE SCHEDULE.

These fees represent a minimum. Fees higher than Schedule will be approved when warranted by extraordinary difficulties encountered by the surgeon.

Unusual cases and procedures not specified are entitled to same fee as specified procedures of approximately equal magnitude.

#### Note.

Bills must be itemized, showing date of each visit, dressing or operation, and charge for same.

The.....(Name of Company).....is fully aware of the difficulties and inequalities of an inelastic Fee Schedule for surgical service. The Schedule here presented is designed for use in connection with medical services rendered an individual with an average earning capacity of \$1,000 per annum. To this class belongs the bulk of citizens which the Boynton Act is intended to protect and relieve.

First visit including report and first examination, in injury not otherwise specified .....	\$2.00
Surgical dressings (materials).....	Specify Costs
Mileage beyond city limits.....	50c day, 75c night, 1 way per mile.
Assisting at Operation .....	Major \$10.00 Minor 5.00
Administering general anesthetic....	5.00
Testimony as to fact of injury.....	10.00

#### Subsequent Visits Hospital or

Fractures.	Operation.	Home.	Office.
Reduction and First Dressings			
Nasal Bones.....	\$10.00	\$1.50	\$1.00
Hand or Foot.....	5.00	1.50	1.00
Forearm—Leg 1 bone....	10.00	1.50	1.00
2 bones...	25.00	1.50	1.00
Femur or Humerus.....	25.00	1.50	1.00
Clavicle or Scapula.....	15.00	1.50	1.00
Patella .....	15.00	1.50	1.00
Mandible or Maxilla....	10.00	1.50	1.00
Pelvis .....	10.00	1.50	1.00
Ribs .....	5.00	1.50	1.00
(For compound fractures or fractures involving joints) .....	Add fifty per cent. to operation.		
Dislocations.			
Easy reductions without anesthesia or assistants.	5.00	1.50	1.00
Hip .....	10.00		